

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Annual Compliance Report, 2020

Docket No. ACR2020

CHAIRMAN'S INFORMATION REQUEST NO. 21

(Issued February 22, 2021)

To clarify the basis of the Postal Service's FY 2020 *Annual Compliance Report* (ACR), filed December 29, 2020,¹ the Postal Service is requested to provide written responses to the following questions. Answers should be provided to the individual questions as soon as they are developed, but no later than February 25, 2021.

Flat-Shaped Mail

1. Regarding its estimated cost savings from processing mail in Flats Sequencing System (FSS) zones on the Automated Flats Sorting Machine (AFSM) instead of the FSS, the Postal Service states that "[h]owever, caution should be used in drawing conclusions from the cost models to assess this temporary change in processing because: 1) cost models measure annual costs and are not fully responsive to momentary and sporadic operational changes that were implemented for flats processing in FY 2020; 2) limitation of the FSS delivery costs estimated in folder 19; and 3) cost models measure attributable costs, and make no attempt to incorporate potential changes in institutional costs."² Has the Postal Service studied the institutional cost savings from the FSS? If so, please

¹ United States Postal Service *Annual Compliance Report*, December 29, 2020 (FY 2020 ACR).

² Responses of the United States Postal Service to Questions 1-15 of Chairman's Information Request No. 13, February 16, 2021, question 8 (Response to CHIR No. 13).

provide summary of study. If not, please indicate if the Postal Service intends to do so in the future.

2. The Postal Service states “[t]he methods used to estimate the FSS zone costs were done to support FSS pricing, and not to determine the difference in delivery costs between FSS processed and non-FSS processed pieces.” Response to CHIR No. 13, question 8. Has the Postal Service studied the difference in delivery costs between FSS processed and non-FSS processed pieces? If so, please provide summary of study. If not, please indicate if the Postal Service intends to do so in the future.

By the Chairman.

Michael Kubayanda